



FUNDAMENTAL APPLICATIONS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended December 31, 2016 and 2015

(Stated in Canadian Dollars)
(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited consolidated interim financial statements of Fundamental Applications Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

FUNDAMENTAL APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)

	December 31, 2016	June 30, 2016
ASSETS		
Current assets		
Cash	\$ 2,432	\$ 21,134
GST receivable	6,626	23,518
Prepaid expense	-	71,667
	9,058	116,319
Intangible assets (Note 5)	761,405	290,390
Equipment (Note 6)	1,512	1,764
	\$ 771,975	\$ 408,473
LIABILITIES		
Current liabilities		
Accounts payable	\$ 128,122	\$ 190,931
Short-term loans (Note 7)	443,837	462,940
Due to related parties (Note 8)	-	-
	571,959	653,871
Share capital (Note 9)	3,921,778	2,697,081
Share subscriptions received	-	-
Share-based payment reserve (Note 9)	1,024,718	961,677
Deficit	(4,746,480)	(3,904,156)
	200,016	(245,398)
	\$ 771,975	\$ 408,473

Going concern (Note 1)
Subsequent events (Note 13)

Approved on behalf of the Board:

“Bradley Moore”

Bradley Moore

“Alexander Helmel”

Alexander Helmel

FUNDAMENTAL APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Stated in Canadian Dollars)
(Unaudited)

	Three Months Ended		Six Months Ended	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Expenses				
Accounting and audit fees	4,500	3,670	9,000	9,425
Bank and interest charges (Note 7)	9,512	219	17,568	277
Consulting fees (Note 8 and 9 (c))	157,160	100,352	356,731	205,020
Depreciation and amortization (Notes 5 and 6)	20,994	21,986	41,736	42,728
Foreign exchange	-	-	-	-
Legal fees	1,800	2,968	1,800	5,073
Listing cost (Note 4)	-	13,254	-	51,991
Management fees (Note 8)	-	-	-	-
Marketing	113,067	16,306	222,213	278,320
Office and miscellaneous	1,491	7,683	7,452	17,398
Research and development costs (Note 8)	16,368	4,000	33,478	104,000
Share-based payments (Notes 8 and 9)	63,041	-	63,041	269,948
Transfer agent and filing fees	7,452	843	24,519	5,393
Travel	20,565	20,533	39,161	28,510
Extraordinary Item				
Acquisition Costs (Note 5)	2,000	-	25,625	-
Net and comprehensive loss	(417,950)	(191,814)	(842,324)	(1,018,082)
Basic and diluted loss per share				
	(0.01)	(0.01)	(0.03)	(0.05)
Weighted average number of common shares outstanding				
	30,870,445	20,852,125	27,920,866	20,299,573

The accompanying notes are an integral part of these financial statements

FUNDAMENTAL APPLICATIONS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)
(Unaudited)

	Six Months ended Dec 31, 2016	Six Months ended Dec 31, 2015
Operating Activities		
Net loss	(842,324)	\$ (1,018,082)
Items not affecting cash:		
Depreciation and amortization	41,736	42,728
Accrued interest	15,896	-
Non-cash consulting fee	-	-
Share-based payments	-	373,948
Shares issued for finders fee	25,625	-
Shares issued for services	471,804	-
Changes in non-cash working capital items related to operations:		
GST receivable	16,893	(9,723)
Prepays	71,667	(122,111)
Accounts payable	(62,809)	3,961
Due to related parties	-	2,692
Cash used in operating activities	(261,512)	(726,587)
Financing Activities		
Loans payable	-	(65,592)
Loan repayment	(35,000)	-
Advances (refunds) on private placement	-	-
Shares issued for cash, net of issue costs	277,809	809,151
Cash provided by financing activities	242,809	743,559
Investing Activity		
Equipment	-	-
Net cash from acquisition of subsidiary	-	-
Cash provided by investing activities	-	-
Increase (decrease) in cash	(18,702)	16,972
Cash, beginning	21,134	27,322
Cash, ending	2,432	\$ 44,294
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

Non-cash transactions – Note 12

The accompanying notes are an integral part of these financial statements

FUNDAMENTAL APPLICATIONS CORP.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Stated in Canadian Dollars)
(Unaudited)

	Share capital		Subscriptions received	Share-based payment reserve	Deficit	Total
	Number of Shares	Amount				
Balance, June 30, 2015	17,869,871	1,206,613	-	345,119	(1,684,866)	(133,134)
Shares issued for cash net of costs (Note 9)	2,753,647	\$570,979	-	1,707	-	572,686
Shares issued for debt settlements	1,000,000	\$200,000	-	-	-	200,000
Shares issued for warrant exercises	121,550	\$36,465	-	-	-	36,465
Share based payments (Note 9)	-	-	-	269,948	-	269,948
Net and comprehensive loss for the period	-	-	-	-	(914,082)	(914,082)
Balance, December 31, 2015	21,745,068	\$2,014,057	\$ -	\$ 616,774	\$ (2,598,948)	\$ 31,883
Balance, June 30, 2016	24,566,119	2,697,081	-	961,677	(3,904,156)	(245,398)
Shares issued for cash (Note 9)	2,144,181	277,809	-	-	-	277,809
Shares issued for debts (Note 9)	3,147,044	408,763	-	-	-	408,763
Shares issued for acquisition	4,725,000	538,125	-	-	-	538,125
Shares cancelled for non-achievement of milestones (FORO acquisition)	(960,000)	-	-	-	-	-
Subscriptions Received	-	-	-	-	-	-
Share based payments (Note 9)	-	-	-	63,041	-	63,041
Net and comprehensive loss	-	-	-	-	(842,324)	(842,324)
Balance, December 31, 2016	33,622,344	3,921,778	-	1,024,718	(4,746,480)	200,016

The accompanying notes are an integral part of these financial statements

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Notes to the Consolidated Financial Statements

December 31, 2016 and 2015

(Stated in Canadian Dollars) (unaudited)

1. Nature and Continuance of Operations

Fundamental Applications Corp. (the “Company” or “Fundamental”) was incorporated on July 14, 2014 under the Business Corporation Act of British Columbia under the name of Kluster Technologies Inc. The Company develops applications for smartphones and tablets. On August 1, 2014, the Company changed its name to Antisocial Networks Ltd. and on September 2, 2014 changed its name to Fundamental Applications Corp. On September 18, 2014, the Company commenced trading on the Canadian Securities Exchange (“CSE”) under the trading symbol “FUN” (Note 4). The head office of the Company is 1820 – 925 West Georgia Street, Vancouver, BC V6C 3L2.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2016, the Company has not generated any revenues from operations, has a working capital deficit of \$562,901 and an accumulated deficit of \$4,746,480. The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Management intends to finance operating costs over the next twelve months with private placements of common shares and loans from directors. While management has been successful in obtaining sufficient funding for its operating and capital requirements from the inception of the Company to date, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to management.

2. Statement of Compliance

The financial statements were authorized for issue on March 1, 2017 by the directors of the Company.

Statement of Compliance

These unaudited consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”), Interim Financial Reporting (“IAS 34”). The accounting policies adopted in these interim financial statements are consistent with the accounting policies adopted in the Company’s consolidated financial statements for the years ended June 30, 2016 and 2015, and as such, these unaudited interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the years ended June 30, 2016 and 2015.

The preparation of unaudited consolidated interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates and the exercise of management’s judgment in applying the Company’s accounting policies. Areas involving a high degree of judgment or complexity and areas where assumptions and estimates are significant to the Company’s unaudited consolidated interim financial statements are discussed in Note 3.

The Company’s unaudited consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The comparative figures presented in these unaudited consolidated interim financial statements are in accordance with IFRS. Certain comparative figures may have been reclassified to conform to the current period’s presentation.

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(Stated in Canadian Dollars) (unaudited)

3. Significant Accounting Policies

Basis of Measurement

The financial statements have been prepared on an accrual basis and are based on historical costs. The financial statements are presented in Canadian dollars which is also the Company's functional currency.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		Dec 31, 2016	June 30, 2016
Antisocial Holdings Ltd.	Canada	100%	100%
FORO Technologies Inc.	Canada	100%	100%
OPINIT LLC.	USA	100%	0%

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and estimating the fair value for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

Significant Judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's accounting policies in these financial statements were:

- Determining whether or not the acquisition of Foro Technologies Inc. ("Foro") (Note 5) constituted a business combination or an acquisition of assets. The benefit to the Company of acquiring Foro was the acquisition of its intellectual property. Management concluded that because Foro did not possess the necessary inputs and processes capable of producing outputs it did not meet the definition of a business as defined by IFRS. Accordingly, the transaction was accounted for as an acquisition of assets and the fair value of the consideration paid was allocated to the assets acquired.
- Evaluating whether or not costs incurred by the Company in developing its smartphone applications meet the criteria for capitalizing as intangible assets. Management determined that as at September 30, 2016, it was not yet able to demonstrate with sufficient certainty that it is probable the economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1) and the classification of its financial instruments (Note 3).

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(Stated in Canadian Dollars) (unaudited)

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Equipment

Equipment is recorded at cost, less accumulated depreciation and accumulated net impairment losses.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in net earnings over the estimated useful lives of each part of an item of equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation is recognized as follows: Computer equipment 20% - 50% declining balance

Intangibles

Separately acquired intellectual property and intellectual property rights, application software, and trademarks are recorded at historical cost. Intellectual property and intellectual property rights, application software, and trademarks acquired in a business combination are recognized at fair value at the acquisition date. Intellectual property and intellectual property rights, application software, and trademarks have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the items over their estimated useful lives of 5 years.

Research and development

Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Company's development group, are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. These costs are amortized on a straight-line basis over the estimated useful life of five years. The Company did not have any

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development costs that met the capitalization criteria for the years ended June 30, 2016 and 2015 nor for the period ending December 31, 2016.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Because the Company has reported a net loss for the periods presented, the effect of options and warrants would be anti-dilutive. Accordingly, diluted loss per share equals basic loss per share.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Cash is classified as loans and receivables.

The Company does not have any derivative financial assets and liabilities.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets.

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Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. The Company's non-derivative financial liabilities consist of accounts payable, due to related parties and short-term loans.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken

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in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided annually, using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed annually, at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Accounting standards issued by not yet effective

New standard IFRS 9 “Financial Instruments”:

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this new standard and is currently assessing the impact that this standard will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

4. Plan of Arrangement

On July 21, 2014, the Company entered into an Arrangement Agreement and Plan of Arrangement (the “Arrangement”) with Antisocial Holdings Ltd. (“Antisocial”), and Salient Corporate Services Inc. (“Salient”).

Pursuant to the Arrangement, the following principal steps were completed on September 12, 2014:

- Antisocial purchased all the issued and outstanding common shares of Fundamental, a wholly-owned subsidiary of Salient incorporated on July 14, 2014 for the sole purpose of the Arrangement, from Salient for consideration of \$10,000 and paid \$7,920 for estimated expenses that Salient incurred during the transaction;
- Fundamental acquired 13,700,000 common shares of Antisocial, being all the issued and outstanding share capital, from all the shareholders of Antisocial through a 1-for-1 share exchange; and

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- Fundamental issued 396,000 common shares with a value of \$79,200 to Salient.

Upon the Arrangement becoming effective on September 12, 2014, Fundamental became a reporting issuer in the jurisdictions of Alberta and British Columbia, with its shares listed on the CSE.

As a result of the Arrangement, the former shareholders of Antisocial acquired control of the Company. The arrangement has been accounted for as a reverse acquisition that was not a business combination. Antisocial is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation on April 4, 2014 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of Antisocial. The Company's results of operations are included from September 12, 2014 onwards.

The costs of the Arrangement are considered the cost of listing the Company's shares which does not meet the criteria for recognition of an intangible asset in accordance with IAS 38 "Intangible Assets". Accordingly, the Company charged \$97,120 to the Statement of Comprehensive Loss.

5. Intangible Assets

Intangible assets acquired through acquisition:

	OPINIT	Serum	Foro and Truth	Total
Cost:				
Balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Additions	-	60,000	354,842	414,842
Balance, June 30, 2016 and 2015	\$ -	\$ 60,000	\$ 354,842	\$ 414,842
Additions	512,500	-	-	512,500
Balance Dec 31, 2016	512,500	60,000	354,842	927,342
Accumulated amortization:				
Balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Amortization	-	6,000	35,484	41,484
Balance, June 30, 2015	-	6,000	\$ 35,484	\$ 41,484
Amortization	-	12,000	70,968	82,968
Balance, June 30, 2016	\$ -	\$ 18,000	\$ 106,452	\$ 124,452
Amortization	-	6,000	35,485	41,484
Balance Dec 31, 2016	-	24,000	141,937	165,937
Carrying amounts:				
As at June 30, 2015	\$ -	\$ 54,000	\$ 319,358	\$ 373,358
As at June 30, 2016	\$ -	\$ 42,000	\$ 248,390	\$ 290,390
As at Dec 31, 2016	512,500	36,000	212,905	761,405

On July 31, 2014, the Company completed the acquisition of Vibecast Corp. for the purchase of the intellectual property and intellectual property rights, the application software, and the trademarks using the term "Serum". In consideration, the Company issued to Vibecast Corp 3,000,000 common shares with a fair value of \$0.02 for a total fair value of \$60,000 (Note 9).

On April 9, 2015 the Company completed the acquisition of Foro Technologies Inc. ("Foro") whereby the Company issued 1,460,000 shares and paid cash of \$50,000 for 100% of the issued and outstanding shares of Foro (Note 9). Of the 1,460,000 shares, 500,000 shares, with a fair value of \$145,000, were released immediately and the remaining 960,000 shares are subject to escrow restrictions to be released upon the achievement of certain milestones. 600,000 of the escrowed shares will be released once Foro reaches a minimum of 25,000 regular users

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of Foro's application software and the remaining 360,000 escrowed shares will be released once Foro reaches 50,000 users of Foro's application software. If the milestones have not been achieved within 12 months of closing of the acquisition of Foro, all escrowed shares not yet released will be cancelled. The fair value of the shares subject to escrow restrictions will be recorded if and when the milestones are reached. Concurrent with the acquisition, Fundamental issued 464,927 shares and made a cash payment of \$50,000 to settle certain creditors of Foro (which are included in the balance of the notes payable in the table below) (Note 9). Foro owns the intellectual property, the intellectual property rights, the application software, and the trade-marks for the applications called "Foro" and "Truth". On April 9, 2016, the date which is 12 months after closing, the milestones had not been met; accordingly, the 960,000 escrowed shares were subsequently returned to treasury.

The acquisition has been recorded as follows:

Fair value of consideration	
Cash	\$ 50,000
Common shares	145,000
Professional fees directly attributable to the acquisition	20,804
	215,804

Assets acquired:	
Cash	58,655
Equipment	2,479
Intangible assets	354,842
Trade payables	(25,694)
Note payable	(174,478)
	\$ 215,804

On September 21, 2016 the Company completed the acquisition of OPINIT LLC. Whereby the Company issued 7,500,000 shares for 100% of the issued and outstanding shares of OPINIT (Note 9). Of the 7,500,000 shares, 3,500,000 with a fair value of \$472,500 were released immediately and the remaining 4,000,000 shares (the "Milestone Shares") are subject to release restrictions whereby they shall be released upon achievement of certain milestones. 2,000,000 of the Milestone Shares shall be released upon the completion of the development and release of the BETA version of the university instance desktop portal including integration feeds from OPINIT mobile application and the Foro mobile application. The remaining 2,000,000 Milestone Shares will be released pro-rata to the Opinit Shareholders in connection with the combined user counts of both the OPINIT mobile application and the Foro Mobile Application according to the following schedule:

Total Combined Users	Milestone Shares Released	Total Combined Users	Milestone Shares Released
200,000	500,000	400,000	500,000
300,000	500,000	500,000	500,000

On December 28, 2016, the total combined user count was over 300,000, accordingly, the Company released 1,000,000 Milestone shares with a fair value of \$40,000.

In the event that the Company enters into any form of amalgamation, merger, arrangement or similar transaction which results in the acquisition of 20% or more of the voting securities of the Company, the entirety of the Milestone Shares will be issued and released to the Opinit shareholders.

The Company has issued 225,000 shares to an arms length finder which have been recorded with a fair value of \$25,625.

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6. Equipment**Cost:**

Balance, June 30, 2014	\$	-
Additions		7,067
Balance, June 30, 2016 and 2015	\$	7,067
Additions		-
Balance Dec 31, 2016	\$	7,067

Accumulated depreciation:

Balance, June 30, 2014	\$	-
Depreciation		2,816
Balance, June 30, 2015		2,816
Depreciation		2,487
Balance, June 30, 2016	\$	5,303
Depreciation		252
Balance Dec 31, 2016	\$	5,555

Carrying amounts:

As at June 30, 2015	\$	4,251
As at June 30, 2016	\$	1,764
As at Dec 31, 2016	\$	1,512

7. Short Term Loans

During the six month period ended December 31, 2016, \$35,000 of short term loans was settled for shares. At December 31, 2016, the total loan principal balance was \$392,420 and \$51,417 in interest has been accrued on this loan.

During the year ended June 30, 2016, a former director of the Company advanced \$190,420 (2015: \$367,000) to the Company for working capital and the Company repaid \$165,000 in principal and \$10,400 interest (2015: \$nil). The advance bears 8% interest per annum, is unsecured and is due on demand. At June 30, 2016, total loan principal balance was \$392,420 (2015: 367,000) and \$35,520 (2015: \$19,092) in interest has been accrued on this loan.

During the year ended June 30, 2015, a shareholder of the Company advanced \$35,000 to the Company for working capital. The advance is non-interest bearing, unsecured and is due on demand. As at June 30, 2016, the balance was \$35,000.

8. Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or a company with a director in common.

Key management compensation

The Company considers its Chief Executive Officer, Chief Financial Officer and directors of the Company to be key management. The Company has incurred charges during the period from directors and senior management, or companies controlled by them, for management fees and consulting fees in the amount of \$167,536 (2015 - \$42,000). Amounts due to related parties are interest free and unsecured, and are payable on demand. The Company also recorded share based compensation for key management during the period in the amount of \$Nil (2015 - \$169,681).

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At December 31, 2016 a balance of \$Nil (2015: \$34,500) was owing to related parties. This amount is unsecured, non-interest bearing and due on demand.

9. Share Capital

a) Authorized

Unlimited common shares, without par value.

b) Issued

During the period ended December 31, 2016

On December 28, 2016 the Company issued 1,000,000 shares in connection with OPINIT milestone completion. Concurrent with this release, the Company issued 50,000 shares to an arm's-length finder (Note 5).

On November 27, 2016 the Company completed a private placement of 623,727 units at a price of \$0.11 per unit for gross proceeds of \$68,610. Each unit was comprised of one common share and one half common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of Fundamental at a price of \$0.30 at any time prior to November 28, 2018. Finder's fees totaling \$800.80 in cash were paid and 7,280 broker warrants with fair value of \$1,144 were issued in connection with this private placement. Each broker's warrant is exercisable into one common share at a price of \$0.30 at any time prior to November 28, 2018.

On November 27, 2016 the Company settled debt in an aggregate amount of \$100,000 in exchange for the issuance of 909,090 shares to several creditors, some of which are related parties. The debt settlement is based on a deemed price of 11 cents per share. No warrants were issued in connection with the debt settlement

On October 24, 2016 the Company completed a private placement of 1,045,454 units at a price of \$0.11 per unit for gross proceeds of \$115,000. Each unit was comprised of one common share and one half common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of Fundamental at a price of \$0.30 at any time prior to October 25, 2018. No finder's fees were paid in connection with this private placement.

On October 24, 2016 the Company settled debt in an aggregate amount of \$183,125 in exchange for the issuance of 1,664,772 shares to several creditors, some of which are related parties. The debt settlement is based on a deemed price of 11 cents per share. No warrants were issued in connection with the debt settlement

On September 21, 2016 the Company completed the acquisition of Opinit LLC pursuant to which the company exchanged an aggregate of 3.5 million common shares in the capital of Fundamental for 100 per cent of the issued and outstanding shares of Opinit. Concurrent with the acquisition, Fundamental issued 175,000 shares to an arm's-length finder (Note 5).

On July 18, 2016, 2016, the Company completed a private placement of 475,000 units at a price of \$0.20 per unit for gross proceeds of \$95,000. Each unit was comprised of one common share and one half common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of Fundamental at a price of \$0.30 at any time prior to July 18, 2018. No finder's fees were paid in connection with this private placement.

On July 18, 2016 the Company settled debt in an aggregate amount of \$116,000 in exchange for the issuance of 580,000 shares to several creditors, some of which are related parties. The debt settlement is based on a deemed price of 20 cents per share. No warrants were issued in connection with the debt settlement.

On July 11, 2016 the Company returned 50,000 shares to treasury as performance conditions by a consultant were not met.

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On July 18, 2016 the Company returned 960,000 shares to treasury as performance conditions under the Foro agreement were not met (see note 5).

During the year ended June 30, 2016

On July 30, 2015, the Company completed a private placement of 1,749,500 units at a price of \$0.20 per unit for gross proceeds of \$349,900. Each unit was comprised of one common share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of Fundamental at a price of \$0.30 at any time prior to December 15, 2015. Finder's fees totaling \$10,215 in cash were paid and 50,575 broker warrants with a fair value of \$3,058 were issued in connection with this private placement. Each broker's warrant is exercisable into one common share at a price of \$0.30 at any time prior to December 15, 2015.

On December 21, 2015, the Company completed a private placement of 957,272 units at a price of \$0.22 per unit for gross proceeds of \$210,600. Each unit was comprised of one common share and one half common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of Fundamental at a price of \$0.30 at any time prior to December 23, 2017. Finder's fees totaling \$802 in cash was paid in connection with this private placement.

On April 13, 2016, the Company completed a private placement of 865,226 units at a price of \$0.22 per unit for gross proceeds of \$190,350. Each unit was comprised of one common share and one half common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of Fundamental at a price of \$0.30 at any time prior to April 13, 2018. Finder's fees totaling \$99 in cash and 3,640 broker warrants with a fair value of \$571 were issued in connection with this private placement. Each broker's warrant is exercisable into one common share at a price of \$0.30 for a period of two years.

On June 2, 2016, the Company completed a private placement of 900,000 units at a price of \$0.18 per unit for gross proceeds of \$162,000. Each unit was comprised of one common share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of Fundamental at a price of \$0.30 at any time prior to June 2, 2021.

On July 30, 2015, the Company issued 1,000,000 units to settle \$200,000 of debt. Each unit was comprised of one common share and one common share purchase warrant. Each share was fair valued at \$0.28 per share and loss on settlement of \$80,000 was recognized. Each whole common share purchase warrant entitles the holder to acquire one common share of Fundamental at a price of \$0.30 at any time prior to December 15, 2015.

On July 30, 2015, the Company issued 1,055,825 shares to settle \$221,282 of debt. Each share was valued at \$0.24 per share and loss on settlement of \$32,116 was recognized.

During the year ended June 30, 2015:

On July 10, 2014, the Company issued 450,000 common shares at a price of \$0.02 per share for total proceeds of \$9,000.

On July 31, 2014, the Company issued 3,000,000 common shares at a price of \$0.02 per share valued at \$60,000 pursuant to an asset purchase agreement (Note 5).

On September 12, 2014, the Company issued 1,200,000 common shares at a price of \$0.20 per share for total proceeds of \$240,000.

On December 31, 2014, the Company issued 396,000 common shares with a fair value of \$79,200, pursuant to the terms of the Arrangement (Note 4).

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On February 2, 2015 the Company closed a private placement for a total of 505,166 units at a price of \$0.30 per unit for gross proceeds of \$151,550. Each unit consists of one common share and one share purchase warrant exercisable to purchase one common share at a price of \$0.75 for a period of one year. The Company paid share issue costs of \$3,500 and issued 22,167 broker warrants related to the private placement. Each broker's warrant is exercisable into one common share at a price of \$0.30 for a period of one year. Broker warrants associated with the private placement were allocated a fair value of \$1,642.

On April 9, 2015, the Company completed the acquisition of Foro whereby the Company issued 1,460,000 shares (Note 5). 960,000 of the common shares issued were deposited in escrow and may be cancelled if certain milestones are not achieved. No value has been recorded for the shares in escrow. The Company determined the fair value of the common shares not in escrow was \$145,000.

On April 9, 2015 the Company completed a private placement of 1,393,778 units at a price of \$0.18 per unit for gross proceeds of \$250,880. Each unit was comprised of one common share and one half common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of Fundamental at a price of \$0.30 at any time prior to April 9, 2017. Finder's fees totaling \$7,345 in cash were paid and 40,250 broker warrants with a fair value of \$6,008 were issued in connection with this private placement. Each broker's warrant is exercisable into one common share at a price of \$0.30 for a period of two years.

On April 8, 2015 the Company issued 464,927 shares with a fair value of \$139,478 to settle debt of \$139,478 (Note 5).

c) Warrants

The changes in warrants during the period ended December 31, 2016 is as follows:

	NUMBER OF Warrants	Weighted average exercise price
Balance, June 30, 2016	2,912,128	\$ 0.30
Granted	1,079,370	\$ 0.30
Balance, Dec 31, 2016	3,991,498	\$ 0.30

The following table summarizes the warrants outstanding and exercisable at Dec 31, 2016

Number of Warrants	Exercise Price	Expiry Date
657,239	\$0.30	April 8, 2017
440,000	\$0.30	July 23, 2017
478,636	\$0.30	December 23, 2017
436,253	\$0.30	April 13, 2018
900,000	\$0.30	June 2, 2018
237,500	\$0.30	July 13, 2018
522,727	\$0.30	October 24, 2018
319,143	\$0.30	November 29, 2018
<u>3,991,498</u>		

At December 31, 2016, the weighted average remaining contractual life of all warrants outstanding was 1.16 years.

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d) Share-based compensation

The Company has a stock option plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

On October 24, 2016, the Company granted 560,000 share purchase options to directors and officers and consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.15 until October 24, 2021. These options vested immediately.

On August 4, 2015, the Company granted 1,400,000 share purchase options to directors and officers and consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.26 until August 4, 2020. These options vested immediately.

On May 10, 2015, the Company granted 1,225,000 share purchase options to directors and officers and consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.26 until May 10, 2021. These options vested immediately.

On September 18, 2014, the Company granted 850,000 share purchase options to directors and officers and consultants of the Company entitling the holders thereof the right to acquire one common share for each option at a price of \$0.50 until September 18, 2019. These options vested immediately.

On April 9, 2015, the Company granted 100,000 share purchase options to a consultant of the Company entitling the holder the right to acquire one common share for each option at a price of \$0.28 until April 9, 2020. These options vested immediately.

A continuity of the changes in the Company's share purchase options during the period ended December 31, 2016 is presented below:

	Options	Weighted Average Exercise Price
Balance, June 30, 2015	875,000	0.47
Granted	2,625,000	0.26
Cancelled	(1,700,000)	0.34
Balance, June 30, 2016	1,800,000	0.29
Granted	560,000	-
Cancelled	-	-
Balance Dec 31, 2016	2,360,000	0.26

At December 31, 2016, the weighted average remaining contractual life of all options outstanding was 4.18 years.

During the period ended Dec 31, 2016, stock based compensation of \$61,898 (2015: \$269,948) was recognized on the grant of stock options. The weighted average grant date fair value of the options granted was \$0.11.

During the year ended June 30, 2016, stock based compensation of 504,648 (2015: \$337,469) was recognized on the grant of these stock options. The weighted average grant date fair value of the options granted was \$0.19.

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options granted using the following assumptions:

Dividend yield	Nil
Annualized volatility	100%
Risk-free interest rate	0.65%
Expected life	5 years

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e) Share restrictions

At December 31, 2016 1,500,000 common shares were subject to resale restrictions pursuant to stock restriction agreement.

10. Financial Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as cash is non interest bearing and liabilities bear interest at a fixed rate as at December 31, 2016.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

Fair value

The carrying value of cash, accounts payable and short term loans approximate their fair value due to the relatively short-term nature of these instruments.

Capital Risk Management

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue the development of mobile applications. As the Company is in the preliminary stages of operations, its principal source of funds is from the issuance of common shares.

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The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements. There were no changes in management's approach to managing capital.

11. Non-Cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flow.

During the period ended December 31, 2016, the Company:

- Issued 3,147,044 to settle total debts of \$408,763 (Note 9);

12. Subsequent Events

- a) There are no subsequent events